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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re

TRANSCARE CORPORATION, *et al.*,

Debtors.

Chapter 11

Case No. 16-10407 (DSJ)

(Jointly Administered)

**THE ZOHAR FUNDS' RESERVATION OF RIGHTS REGARDING THE FINAL
APPLICATIONS OF TRUSTEE'S RETAINED PROFESSIONALS FOR
ALLOWANCE OF COMPENSATION AND REIMBURSEMENT OF EXPENSES**

The Phoenix Recovery Entities (defined below), as successors in interest to Zohar CDO 2003-1, Ltd., Zohar II 2005-1, Ltd., and Zohar III, Ltd. (collectively, the “Zohar Funds”),¹ hereby submit this reservation of rights (this “Reservation of Rights”) regarding the (i) *Application for Allowance of Final Professional Compensation and Reimbursement of Expenses of Amini LLC*,

¹ The Zohar Funds were created by Lynn Tilton to raise capital to make debt and equity investments in mid-sized companies (the “Portfolio Companies”), with the Zohar Funds issuing \$2.5 billion in secured notes to investors. Like TransCare, the Zohar Funds proved to be a failure for their creditors, and the Zohar Funds entered bankruptcy in March 2018 under a cloud of litigation pitting Tilton against the funds and their creditors. In the bankruptcy, Tilton was removed from the Zohar Funds’ governance and replaced by two court-appointed fiduciaries: an Independent Director (Hon. (Ret.) Joseph J. Farnan, Jr.) and a Chief Restructuring Officer (Michael Katzenstein of FTI Consulting). As further described in the *Transfer of Claims Other than for Security* [Docket No. 742], pursuant to transactions in the Zohar Funds’ joint plan of liquidation, which was confirmed by the United States Bankruptcy Court for the District of Delaware (the “Delaware Bankruptcy Court”), the Zohar Funds’ interests in the Term Loan were transferred to Phoenix II Recovery, LLC and Phoenix III Recovery, LLC (the “Phoenix Recovery Entities”). Although the Phoenix entities now own the Zohar Funds’ interests in the Term Loan, they are nevertheless referred to as the “Zohar Funds” herein for ease of reference.

Special Counsel [Docket No. 746] and (ii) *Final Application of Sidley Austin LLP, Special Appellate Counsel for Salvatore Lamonica, the Chapter 7 Trustee, for Allowance of Full Permitted Amount for Hourly Compensation and Reimbursement of Expenses for the Period April 1, 2022, Through November 20, 2023* [Docket No. 747] (together, the “Applications”). In support of this Reservation of Rights, the Zohar Funds respectfully state as follows:

RESERVATION OF RIGHTS

1. The Zohar Funds are senior secured lenders to TransCare Corporation (“TransCare”) under a prepetition term loan agreement. See Post-Trial Findings of Fact & Conclusions of Law at p. 5, *LaMonica v. Tilton (In re TransCare Corp.)* (hereinafter, the “Opinion”), Adv. Pro. 18-01021 (Bankr. S.D.N.Y. July 6, 2020) [Docket No. 138]. Like TransCare’s other creditors, the Zohar Funds were victims of the fraud perpetrated by Patriarch Partners Agency Services (“PPAS”) and its principal, Lynn Tilton.

2. The Zohar Funds have followed the progress of these chapter 7 cases with great interest and have repeatedly contacted the trustee in an effort to understand his position regarding the Zohar Funds’ asserted secured claims² if and when a judgment against PPAS and Tilton was rendered and satisfied. In those conversations, the trustee consistently responded that, effectively, the parties should cross that bridge when they got to it.

3. Now, with the judgment having been satisfied and the trustee seeking to distribute a portion of the recovered funds to pay his professionals, the parties have arrived at that bridge.

² On October 9, 2017, PPAS, as then-administrative agent for the Term Loan Lenders, filed proofs of claim in the sum of \$35,090,492.76. *Opinion* at p. 37. On October 31, 2022, certain of the claims were transferred to Ankura Trust Company, LLC (“Ankura”), which had been appointed by the Delaware Bankruptcy Court as the new administrative agent with respect to the Zohar Funds’ loans to TransCare. See *Transfer of Claims Other Than for Security* [Docket No. 742]. On January 21, 2024, Ankura filed the *Statement of Ankura Trust Company, LLC with Respect to Claim Nos. 6, 7, 9, 12, 16, 21, 29, 73, and 84* [Docket No. 750], which states the Zohar Funds’ position that their claims, if and to the extent previously disallowed by the judgment, have been reinstated under 11 U.S.C. § 502(d).

To be clear, the Zohar Funds do not object to the payment of the trustee's professionals for their significant and commendable efforts, which resulted in a substantial recovery for the TransCare estates. However, beyond payment of the trustee's professionals, no further distributions should be made until the Court adjudicates the Zohar Funds' secured claims against the estates or the Zohar Funds and the trustee reach a consensual resolution of the same. The Zohar Funds accordingly file this Reservation of Rights to preserve their rights and to expressly object to any further or other distributions or use of their cash collateral until such adjudication or resolution occurs.

Dated: February 6, 2024
Wilmington, Delaware

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